

**UNITED STATES DISTRICT COURT
DISTRICT OF PUERTO RICO**

In re

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

THE COMMONWEALTH OF PUERTO RICO, *et al*,

Debtors.¹

PROMESA
TITLE III

No. 17-BK-03283 (LTS)

(Jointly Administered)

**INFORMATIVE MOTION AND NOTICE OF SETTLEMENT OF SPECIAL CLAIMS
COMMITTEE OF FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR
PUERTO RICO AND OFFICIAL COMMITTEE OF UNSECURED CREDITORS IN
COMPLIANCE WITH LITIGATION CASE MANAGEMENT AND SETTLEMENT
APPROVAL PROCEDURES ORDER**

**To the Honorable United States District Court Judge Laura Taylor Swain and the
Honorable United States Magistrate Judge Judith G. Dein:**

The Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”), acting by and through the members of the Special Claims Committee (the “SCC”), together with the Official Committee of Unsecured Creditors of All of the Title III Debtors Other than PBA and COFINA (the “Committee”), respectfully jointly submit this informative motion and notice of settlement (the “Notice of Settlement”) pursuant to section B.iii.b. of Appendix II of the *Order*

¹ The Debtors in these Title III cases, along with each Debtor’s respective Title III case number listed as a bankruptcy case number due to software limitations and the last four (4) digits of each Debtor’s federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17-BK- 3283 (LTS)) (Last Four Digits of Federal Tax ID: 3481), (ii) Employees Retirement System of the Government of the Commonwealth of Puerto Rico (“ERS”) (Bankruptcy Case No. 17-BK-3566 (LTS)) (Last Four Digits of Federal Tax ID: 9686), (iii) Puerto Rico Highways and Transportation Authority (“HTA”) (Bankruptcy Case No. 17-BK-3567 (LTS)) (Last Four Digits of Federal Tax ID: 3808), (iv) Puerto Rico Sales Tax Financing Corporation (“COFINA”) (Bankruptcy Case No. 17-BK-3284 (LTS)) (Last Four Digits of Federal Tax ID: 8474); (v) Puerto Rico Electric Power Authority (“PREPA”) (Bankruptcy Case No. 17-BK-4780) (Last Four Digits of Federal Tax ID: 3747); and (vi) Puerto Rico Public Buildings Authority (“PBA”) (Bankruptcy Case No. 19-BK-5523 (LTS)) (Last Four Digits of Federal Tax ID: 3801).

Granting Omnibus Motion by the Financial Oversight and Management Board for Puerto Rico, Acting by and Through the Members of the Special Claims Committee and the Official Committee of Unsecured Creditors to (I) Establish Litigation Case Management Procedures and (II) Establish Procedures for Approval of Settlements [ECF No. 7941] (the “Procedures Order,” Appendix II thereof, the “Avoidance Action Procedures”) and the Order Granting Motion By The Financial Oversight And Management Board For Puerto Rico, Acting By And Through The Members Of The Special Claims Committee, And The Official Committee Of Unsecured Creditors To Establish Procedures For The Approval Of Settlements [ECF No. 16791] (the “Tolled Parties Procedures Order”) and respectfully state as follows:

1. The SCC and Committee are co-plaintiffs in Adversary Proceeding No. 19-00290 (the “Adversary Proceeding”) and jointly seek approval of a negotiated resolution of certain claims raised therein pursuant to the Avoidance Action Procedures.

2. The Parties to the Adversary Proceeding are the SCC and the Committee, as co-plaintiffs, and defendant Microsoft Corporation (the “Corporation”).

3. The total face value of the amount sought to be avoided and recovered in the Adversary Proceeding is \$22,832,431 of which \$1,104,536 was alleged to have been paid to Corporation during the 90 day period prior to the filing of the Title III cases.

4. In settlement of certain claims raised in the Adversary Proceeding and certain additional and related claims alleged and subject to a Tolling Agreement, Corporation, together with a related entity, Microsoft Caribbean Inc. (“Caribbean”, and, together with Corporation, “Microsoft”) have agreed to pay \$2,000,000 to the co-plaintiffs, which amount is to be held in escrow and distributed pursuant to either (i) agreement of the Oversight Board, and the Committee

or (ii) order of the Court. Microsoft have also agreed to waive all related claims against the title III Debtors, including any claims arising under section 502(h) of the Bankruptcy Code.

5. Any party wishing to object to the above-described negotiated resolution of the Adversary Proceeding must do so by filing an objection to this Notice of Settlement not later than October 29, 2021.

Dated: October 15, 2021

/s/ Juan J. Casillas Ayala

CASILLAS, SANTIAGO & TORRES LLC
Juan J. Casillas Ayala, Esq., USDC - PR 218312
Luis F. Llach Zúñiga, Esq., USDC – PR 2231112
Israel Fernández Rodríguez, Esq., USDC - PR 225004
Juan C. Nieves González, Esq., USDC - PR 231707
Cristina B. Fernández Niggemann, Esq., USDC - PR 306008
PO Box 195075
San Juan, PR 00919-5075
Tel.: (787) 523-3434
Fax: (787) 523-3433
jcasillas@cstlawpr.com
lllach@cstlawpr.com
ifernandez@cstlawpr.com
jnieves@cstlawpr.com
cfernandez@cstlawpr.com

Counsel to the Official Committee of Unsecured Creditors (other than COFINA and PBA)

/s/ Sunni P. Beville

BROWN RUDNICK LLP
Sunni P. Beville, Esq. (*Pro Hac Vice*)
Tristan G. Axelrod, Esq. (*Pro Hac Vice*)
One Financial Center
Boston, MA 02111
Tel: (617) 856-8200
sbeville@brownrudnick.com
taxelrod@brownrudnick.com

Counsel to the Special Claims Committee of the Financial Oversight and Management Board, acting by and through its members